AKFEN GAYRİMENKUL TİCARETİ VE İNŞAAT A.Ş.

Company Valuation Report

Türkiye Sınai Kalkınma Bankası A.Ş.

October 26, 2011

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1. Introduction and Scope

1.1 Scope and Methodology

Akfen Gayrimenkul Ticareti ve İnşaat A.Ş. (Akfen GT) was established in 1999 to operate in the real estate industry. It was taken over in 2004 by Akfen Group. In 2007, Akfen Gayrimenkul Yatırım Ortaklığı A.Ş. ("Akfen REIT") became the majority partner with a 99.9% share.

On September 31, 2011, Akfen REIT made an application to TSKB to receive valuation consultancy on the valuation of its affiliate Akfen GT.

This study was completed without performing detailed legal and financial examinations, accounting audits and/or management presentations, in order to determine the value of the Company upon Akfen REIT's request, according to the current and future business plan of Akfen GT.

The valuation study consists of the following sections:

1. Introduction and Scope
2. The Industry
3. The Company
4. Expectations and Valuation
5. Annexes

The purpose of this study is to calculate the corporate value of Akfen GT. As the real estate projects and the real estates it owns form the basis for the company's activities, the Discounted Cash Flows ("DCF") method -the most appropriate approach- is used to determine the Company's value.

In this valuation report, the value calculated using the DCF method expresses the "fair market value." Any entity's most prominent feature in a trade activity is the "price" agreed by a willing buyer and seller as a result of a bargain between the two. As the basis of a trade activity, the "price" can be different than the "fair market value" for various reasons. This must always be taken into consideration.

The information and business plan obtained from Akfen REIT and Akfen GT were used for this study. Even though utmost care was taken to clear the study of all kinds of errors and deficiencies, potential errors and omissions in data received from external sources may affect the evaluation results, as is the case in all studies.

1.2 Valuation Summary

The Company

Core business area of Akfen Gayrimenkul Ticareti ve İnşaat A.Ş is investing in, developing, and operating on real estate. Partnered by Akfen REIT at a rate of 99.9%, Akfen GT obtains rent revenue from its 5-star hotel in the Turkish Republic of North Cyprus and carries out hotel and office projects in Russia.

Located in the Turkish Republic of North Cyprus (“TRNC”), Mercure Hotel has been in service with its 5-star hotel and casino since 2007. The Company runs all of its projects in Russia (except the Moscow Hotel Project) through Russian Hotel Investment B.V. (“RHI”), based in Netherlands and Russian Property Investment B.V. (“RPI”) of which it owns 95 percent. The Company is also working on an Ibis Hotel project in Moscow. According to negotiations, the Company plans to participate in the Moscow project through a new 100-percent subsidiary to be founded abroad.

RHI, one of the affiliates, was established on September 21, 2007, with partnership of Akfen GT and Eastern European Property Investment Ltd (EEPI) to carry out hotel projects in Russia. Currently, Akfen GT owns 95% shares of RHI.

RPI was established on January 8, 2008, as a joint venture of Akfen Gayrimenkul Geliştirme ve Tic. A.Ş. and Eastern European Property Investment Ltd (EEPI) to carry out office projects in Russia. Akfen GT took over Akfen Gayrimenkul Geliştirme ve Tic. A.Ş. shares on June 5, 2009. Currently Akfen GT owns 95% shares of RPI.

Hotel and office projects in Russia, their room capacities and targeted opening dates are summarized in the following table.

Table 1.1 Projects in Russia

Started and Planned Projects	Number of Rooms	Start Date	Ending Date	Land Size (m^2)	Construction Area (m^2)
Samara IBIS	204	07/2009	01/2012	2,467	9,904
Yaroslavl lBIS	177	04/2010	09/2011	4,432	7,916
Kaliningrad IBIS	167	01/2011	01/2013	5,099	6,209
Samara Office	-	07/2009	01/2012	1,048	6,510
Moscow Leningradsky IBIS	480	01/2011	01/2014	3,000	20,030

(Source:Akfen GT)

Yaroslavl Ibıs Hotel started its operations in 8 September, 2011.

The company had its projects in Russia and real estate in TRNC valuated by TSKB Real Estate Valuation Company on September 30, 2011. Results of the valuation study are listed in the following table.

Table 1.2 Values of Real Estate According To Expertise Reports

Real Estate	Value (EURO)	Akfen Share (EURO)	Akfen Share Ratio (%)
Kaliningrad IBIS	15,910,000	15,114,500	95%
Moscow Leningradsky IBIS	67,750,000	67,750,000	95%
Samara IBIS	33,120,000	31,464,000	95%
Samara Office	7,370,000	7,001,500	95%
Yaroslavl IBIS	34,086,000	32,381,700	100%
TRNC +Bafra	84,144,000	84,144,000	100%
TOTAL	**242,380,000**	**237,855,700**	

(Source:Akfen GT)

Valuation Result

The Discounted Cash Flow ("DCF") method was used in this report to determine the value of Akfen GT. The DCF method involves calculation of the future forecast operating volume (sales revenues) and resulting cash revenue of this operating volume (operating profit + amortization). The free cash flows which remains after paying taxes, covering the needed operating capital needs and making fixed asset investments, are also included. Future cash generation forecast by years is discounted over the weighted average capital cost and the current value of cash flows is obtained. The value obtained is the **Enterprise Value** expressing the company value excluding financial debts. After deducting financial debts, if any (financial debts - default values), and severance pays and notice pays, if needed, and adding affiliates, if any, or other non-operational assets, the targeted Equity Value is found.

In consequence of analyses, the equity value of Akfen GT calculated according to the DCF method is summarized in the following table:

Table 1.3: Summary Table of Company and Equity Values as of September 30, 2011

Euro (000)		Value	Financial Liabilities (-)	Liquid Assets(+)	Equity Value
Akfen GT HQ	KKTC & HQ Value	72,414	18,014	0	54,401
	Land in Bafra	2,744	-	-	2,744
RHI(95%)	Samara IBIS	27,923	24,495	0	41,543
	Yaroslav IBIS	27,096			
	Kaliningrad IBIS	11,018			
RPI (95%)	Samara Office	12,523	6,650	0	5,873
Moskow Project	Moscow Leningradsky IBIS	47,014	-	-	47,014
Akfen GT Company Value		**200,733**	**Akfen GT Equity Value**		**151,574**

Within this scope, the equity value was calculated as approximately **€151,574 million** ***(381,315 million Turkish Lira[1])*** based on the DCF method.

[1] Euro/TL buying rate (2.5157) of CBRT dated September 30, 2011 was taken as basis.

1.3 Opinion On The Valuation Result

Akfen GT owns Mercure Hotel in TRNC and carries out real estate projects for hotel and office projects in Russia.

Mercure Hotel in TRNC has been in service with its hotel and casino since the beginning of 2007. Hotel and casino sections of the Mercure Hotel have been leased since 2008. In Russia, the company invests in hotel and office projects through its affiliates.

In the valuation study, we assumed that TRNC Mercure Hotel will continue to be leased in the future. Furthermore, the company has a land in which the assignment right was given in 30 December, 2011 in Bafra, TRNC. The land value was given according to the valuation studies of TSKB Real Estate Valuation Company, dated February 20, 2011.

Taking business plan of the Company into consideration, the projects in Russia were valued according to the investment amount, occupancy and price assumptions.

The study has shown that the Equity value of the Company is expected to reach **€151,574 million (381,315 million Turkish Lira[1])**.

Taking the existing and potential business plans of the Company into account, the value is calculated using the DCF method which reflects the fair market value.

[1] Euro/TL buying rate (2.5157) of CBRT dated September 30, 2011 was taken as basis.

2.The Industry

2.1 Tourism Industry

2.1 Tourism Industry in the World

The tourism industry is one of the rapidly developing and growing industries around the world. In the globalizing world, people tend to travel to further distances. Main reasons of this trend are the increase in the share of tourism and vacation in disposable personal income, rapid development of transportation and communication technology and people's desire to visit new regions they are curious about.

As a result of its varied structure, tourism covers both activities like accommodation, planning, trip organization and sales, called typical touristic activities, and activities like transportation and car rental, not depending only on consumption on tourists, but used also by them.

Continuing to grow in spite of economic recession throughout the world, this dynamic industry also serves as a driving power for industries such as transportation, services and retail.

Alongside its contribution to national income, tourism also plays a major role in meeting the deficit in balance of payments with the foreign exchange it brings into the country. As it provides employment opportunities to large masses, the tourism industry is advantageous as one of the industries with most intensive employment. It continues to be an efficient marketing and advertising tool for the country as well.

Tourism is currently an industry constituting a major part of the world's gross product. The World Travel & Tourism Council report states that the travel and tourism industry has an estimated share of 9.2 percent in the world's total GNP in 2010 and that this figure amounts to around $5,750 billion.

2.1.2 TRNC

Economic Outlook

Even though it is not one of the leading countries in the global ranking, TRNC (Turkish Republic of North Cyprus) is one of the countries where the tourism industry plays a major role in its own economy. In parallel with the tourism industry developing every year, TRNC economy is generally in a rapid growth trend. The economy entered a significant growth trend by 2002, after the banking crisis was surmounted with financing from Turkey, banking industry legislation was amended and hopes for resolution in the TRNC problem and EU membership expectations rose and local and foreign investments increased. TRNC becomes one of the fastest growing economies in European countries between 2003-2009 with an annual growth rate 6.7%.

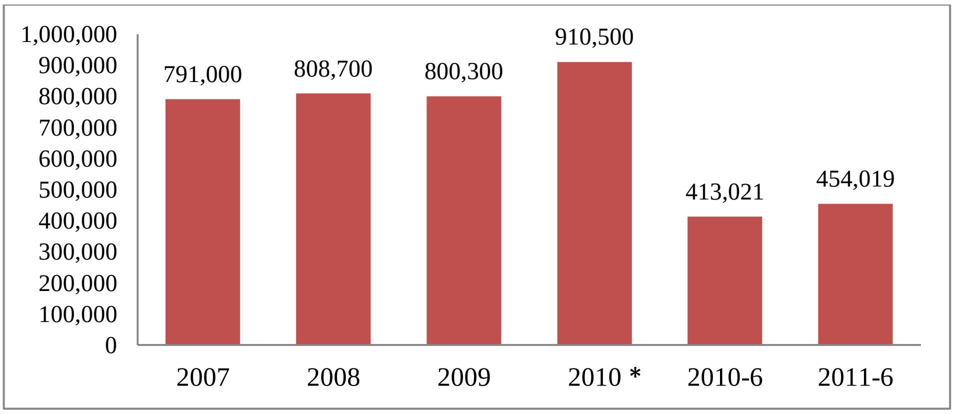
Principal factors playing a role in economic growth are: the general growth in industries, constant growth of certain national industries, mainly the tourism industry, and increases in tax amounts due to rising foreign commerce.

Tourism in TRNC

Tourism industry is one of the most important industries in the TRNC economy. According to the 2006 census, population of North Cyprus is around 265,000, including workers and settlers from Turkey. The population increases even more with tourists coming in the summer. Between the year 2007-2011, the visitors' number increased by 13%. In the year 2010, the tourist number coming from Turkey was 623,393.

In the first half of 2010 and 2011, the tourists coming from Turkey were 80% of all tourists. In TRNC, 2011 was announced as "TRNC Year" in Turkey with intense marketing and promotion activities. As a result, the coming tourist number in TRNC reached 367,715. The number of tourists coming from Turkey increased by 7.6%, and foreign tourist number increased by 30.4% when compared the first half of year 2010 and 2011.

Graphic 2.1: TRNC Tourist Number in years



(Source: TRNC Ministry of Tourism, Environment and Culture)

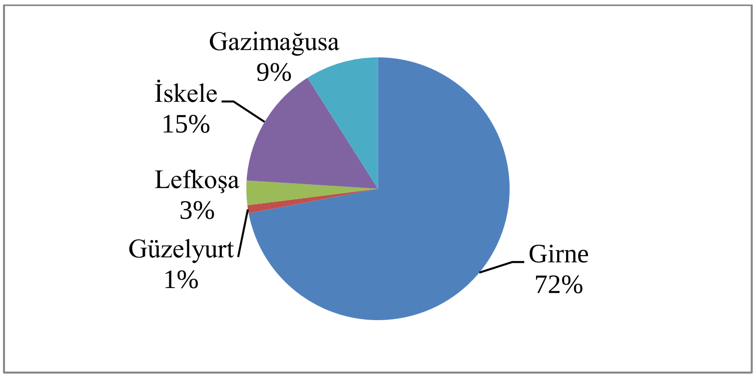
** Expected numbers*

Alongside those from Turkey, people from 45 different countries visit the country. Other than Turkey, most tourists come from England, Germany, Iran, Moldova, USA, Syria, Bulgaria, Russia and Italy.

The occupany rate in touristic accomodation facilities was over 50% in the first half of 2011, however this ratio was only 36% in 2010. Another striking feature is that yearly average occupancy rate of hotels with casinos was 60%, while this figure was 50% percent for hotels without casinos.

In regional context, the highest occupancy rate was 85% in Girne in June,2011. In the same period, Girne is the first by getting share of 72% with 12,235 beds in TRNC.

Graphic 2.2: Operating Hotels by regions



(Source: TRNC Ministry of Tourism, Environment and Culture)

According to the 2011 statistics of TRNC Ministry of Tourism, Environment and Culture, total bed capacity was 16,947 in 2010. The 5-star hotels had 46% share in total capacity with 7,712 beds. There are currently 37 hotels under construction, with 7,614 of bed capacity. The table below shows the number of facilities under construction in 2011.

Table 2.1: Facilities under Construction by Region in 2011

Region	Number of Facilities	Bed Capacity
Girne	24	2,652
Gazimağusa	3	518
İskele	9	4,408
Güzelyurt	1	36
TOTAL	**37**	**7,614**

(Source: TRNC Ministry of Tourism, Environment and Culture)

2.1.3 Russia

Economic Outlook

Russia, the biggest natural gas and the second biggest oil producer of the world, is the 10th largest economy in the world with a GDP about $1.5[1] trillion. Russia was affected considerably from the global economic crisis breaking out at the end of 2008, and the Russian economy shrank 7.9 percent in 2009. In 2010, the economy reached 4.8% growth rate.

Russia brought down its inflation rate from double-digits in 2008 and 2009 to single-digits in 2010, lowering it to 6.9 percent. In 2011, inflation rate is expected to rise slightly again.

The growth trend is likely to continue in the Russian economy in 2011 and is expected to reach 4.8% growth rate.

Tourism in Russia

As of 2010, the travel and tourism industry makes up 6.5 percent of GNP of the Russian Federation. Total employment in the industry is 960.000 people as of 2011. According to forecasts, construction projects frozen with the economic crisis will restart as of end of 2009, therefore the number of both hotel and office projects will re-escalate in line with the demand to stir with the recovering economic structure. Moreover, Russia was announced as the host country of FIFA 2018 World Cup. The tourism industry is expected to make a major breakthrough in line with investments to the region in the coming years. Moscow, Yaroslavl, Samara and Kaliningrad, where the Company develops projects, are among cities World Cup matches will be played. Income generated by the industry is estimated to grow 5.6 percent until 2020. A few of the cities and regions chosen by us in line with existing potentials are listed below.

Figure 2.1 Map of the Russian Federation

Moscow

Moscow, one of important tourism centers of the world, is the capital of the Russian Federation. Home to 10.4 million people, the city is in the top rank in the list of most expensive cities of the world according to 2007 statistics. In addition to its historical background, the city is known to be visited intensively by investors and businessmen every year. Affected a little by the decreasing demand for travel and accommodation after the economic crisis in 2008, the hotel industry started to recover as of the end of 2009. In 2010, the hotel room number increased by a rate of 70%. (In 2009, while the planned new room number was 1.205, this number reached 2.069 in 2010.) In the first half of 2011, 786 new rooms began to serve. Until 2013, it was expected 32% increase with 7.000 new rooms. In 2010, the occupancy rate of four and 5-star hotels was 62%. As the hotel demand in Moscow is expected to increase by 2010, a growth of 10 to 12 percent is expected in 5-star hotels to meet this demand. Occupancy rates of hotels in Moscow, generally between 70 and 80 percent, climb to as high as 100 percent at times of cultural events. Some of the planned 5-star hotels in Moscow are Accor, Kempinski Hotel, Fairmaont Raffles Hotel Int., Hyatt Corporation and Intercontinental Hotel between 2011-2013.

Kaliningrad

Located next to Pregolya River with an area of 223 km^2, the region has a population of 421,673 according to the census held at the beginning of 2008. 24 km away from Krabrovo Airport, the city also provides easy transportation to many cities by train. The region shines out not only with natural beauties, but also with its industrial facilities. Metallurgy industry is the main source of income. Kaliningrad gained the status of Special Economic Zone in 1991, thus becoming a region offering tax advantage to investors. Additionally, according to the visa practice that came into effect after 1991, visa obligation for foreign tourists staying for less than 72 hours in the region was abolished. Germans make up 75 to 77 percent of tourists visiting the region. In parallel with the developing tourism industry, hotel demand is expected to increase considerably in the near future. In 2013, total bed number is expected to reach 2,490. However, this anticipated increase does not meet the potential demand of FIFA 2018 World Cup. Some of the planned investments in Kaliningrad are from Accor and Domino Hotel Group.

Samara

Samara region is located in the European portion of the Russian Federation and is bordered by Kazakhstan in the south. According to the census held at the beginning of 2008, population of the region is 3,172,787. Automotive, hydro-electric power, metal processing and petro-chemistry are the leading industries in the region. There are also rich oil and natural gas fields in the region. The city has many historical artifacts drawing interest of many tourists and tourism industry officials emphasize the need for new hotels and facilities in the area. Samara is a developing region in terms of tourism. In Samara Oblast, festivals are held at the shores of Mastryukovo lakes of Volga, which causes the population to rise in summer. 60 to 90 minutes away from Kurumoch Airport, the city is connected to other cities with railway and highway network as well. Samara, as one of the 2018 FIFA World Cup cities, will gain importance in terms of new investments and it is specially expected an increase in the demand for business hotels. Until 2013, Accor and Hilton Hotel plan to make investments in Samara.

Yaroslavl

Located in the north of Russia, in the Volga Basin, the region comes to the fore with its gross regional income growth ratio significantly more than the Russian average, taking the period between 2000 and 2008 into account. With a population of around 635,000, the city of Yaroslavl attracts interest of local and foreign tourists with its natural beauties, historical artifacts and rich oil fields. Especially with events to be held to commemorate 1,000th anniversary of the foundation of the city in 2010, the city is expected to become more popular and offer a high potential for tourism. The region with 785 historical and cultural artifacts is preferred by tourists, as it offers easy access to Moscow and St. Petersburg. In 2010, the city reached 3500 bed capacity and this number is expected to increase 19% until 2013. Accor, Rezidor Hotel Group, Hilton, Rosinvest Hotel plan to invest to Yaroslavl.

1.3 million domestic and foreign tourists in total visited the city of Yaroslavl in 2010. Official figures show that 31 percent of tourists come through cruise tourism, 28 percent for cultural tourism and 27 percent for business tourism.

2.2 Industrial Outlook

According to the World Travel Tourism Council, the tourism and travel sector entered the recovery period in the second half of 2010 and its worldwide GDP is expected to grow by 3.8% as of 2011. The sector is also expected to grow annually by 4.15% on the average by 2020.

Considering the tourism & travel sector's GDP expectations for 2020 by country, the top ten countries are listed below. As can be seen, the. U.S. is expected to maintain the leadership in GDP.

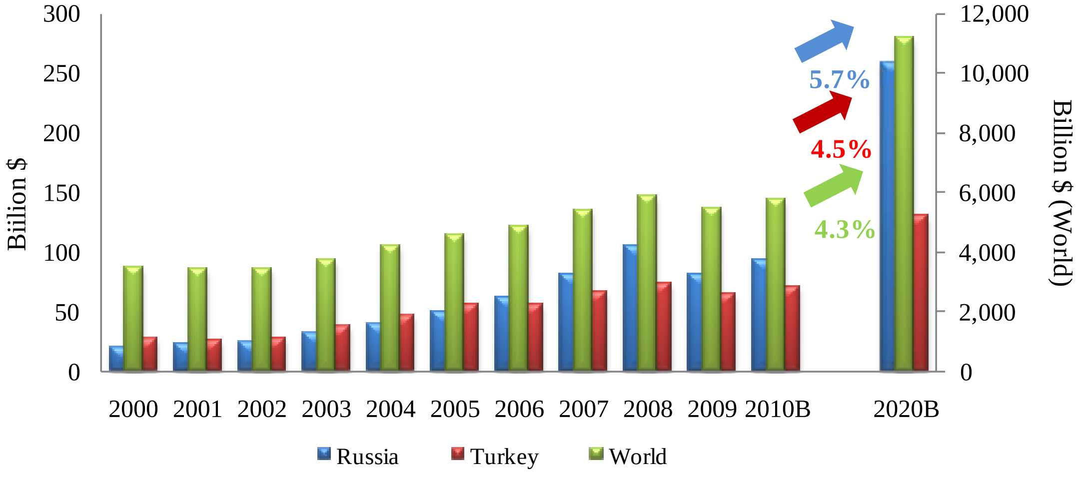
Table 2.8 Tourism and Travel Sector's GDP Forecasts ($ billions)

Country	2020
United States of America	2,485.7
China	1,948.9
Japan	594.8
United Kingdom	393.3
France	379.9
Germany	377.1
Spain	341.1
India	330.1
Italy	292.5
Russian Federation	258.2

(Source: World Travel & Tourism Council Report)

Within the tourism and travel sector, Russian Federation, expected to have annual tourism & travel GDP growth of 3.77% on average, are both forecasted to achieve greater growth then the world average of 4.3 percent. According to the same research, Turkey will also exceed the world average and grow annually by 4.45% on average to reach 132.9 billion American dollars by 2020.

Figure 2.2 Tourism and Travel Sector's GDP Growth Forecasts



(Source: World Travel & Tourism Council Report)

Table 2.9 Tourism and Travel Sector's GDP

$ billion	2011	2020T	Average Annual Growth %
World	5.987	11.964	4.1%
Russian Federation	103	239	3.7%
Turkey	71	141	4.3%

(Source: World Travel & Tourism Council Report)

Table 2.10 Investments in the Tourism and Travel Sector

$ billion	2011	2020T	Average Annual Real Growth %
World	652	1.488	5.3%
Russian Federation	8	24	6.1%
Turkey	9	22	6.8%

(Source: World Travel & Tourism Council Report)

It has been estimated that global investments into the tourism and travel sector amounted to 652 billion American dollars as of the end of 2010. This figure is expected to grow annually by 5.3 percent on average to reach 1.488 billion American dollars by 2020.

In the Russian Federation, the investments into the tourism and travel sector are expected to grow annually by 6.1 percent on average to reach 24 billion American dollars by 2020.

3. The Company

3.1 General Information

3.1.1 Establishment and Current Status

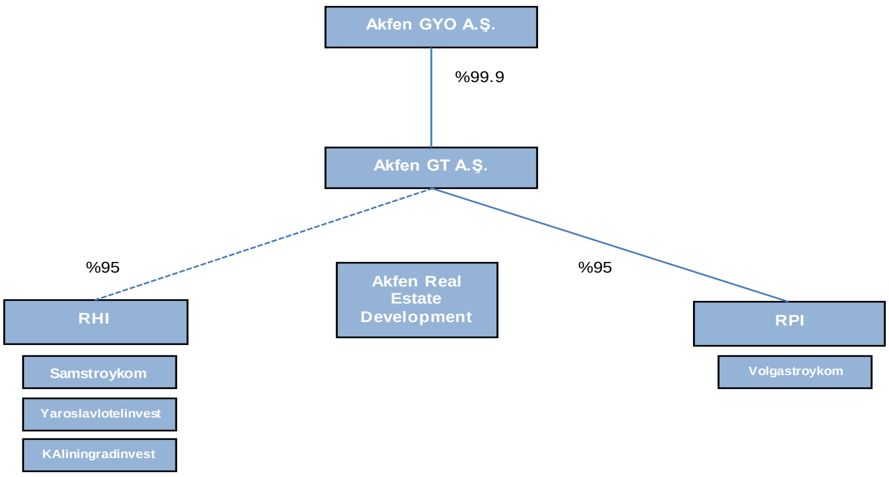
Akfen GT's core business is to make, develop, operate, and have some other company operate real estate investments. Founded on August 4, 1999 as T-T Turizm İnşaat Tarım Besicilik Sanayi ve Ticaret A.Ş (T-T Tourism, Construction, Agriculture, Stockfarming, Industry and Commerce Inc.), the company was renamed on September 27, 2006 as Akfen Gayrimenkul Ticaret ve İnşaat A.Ş (Akfen Real Estate, Commerce and Construction Inc.). 99.9 percent of the company's shares owned by Akfen Holding A.Ş. and Akfen İnşaat Turizm ve Ticaret A.Ş were transferred to Akfen REIT (Akfen REIT) on February 21, 2007.

Akfen GT is currently earning rental income from its 5-star hotel in the Turkish Republic of Northern Cyprus ("TRNC") and developing hotel and office projects in the Russian Federation.

The Mercure Hotel in the Turkish Republic of Northern Cyprus has been operating since 2007 as a 5-star hotel and casino complex. The company develops all its projects in Russia, except the Moscow project, through its two 95-percent subsidiaries, Russian Hotel Investment B.V. ("RHI") and Russian Property Investment B.V. ("RPI"), both based in the Netherlands.

The partnership relations of Akfen GT with the group companies are shown in the following diagram.

Table 3.1 Partnership Structure as of July 29, 2011



The company plans to participate into the Moscow project, which is under the signature phase, through a new 100-percent subsidiary to be founded abroad.

3.1.2 Capital Structure

The company's capital of 35 million Turkish Liras has been increased to 50 million Turkish Liras as of November 2, 2010.

The distribution of the company's capital among its shareholders is shown in the following table.

Table 3.2 Shareholder Structure of the Company as of December 2, 2010

Shareholders	The Amount of Shares (TL)	Percentage of Shares (%)
Akfen REIT A.Ş.	49.999.900	99.999714%
Şafak Akın	25	0.000071%
Hamdi Akın	25	0.000071%
Akınısı Mak.San. Ve Tic. A.Ş.	25	0.000071%
Akfen Tur. Yat. Ve İşl. A.Ş.	25	0.000071%
Total	**50,000,000**	**100%**

(Source: Akfen GT)

3.1.3 Subsidiaries

Akfen GT has two the Netherlands-based subsidiaries. One is the Russian Hotel Investment B.V. ("RHI"), and the other is the Russian Property Investment B.V. ("RPI").

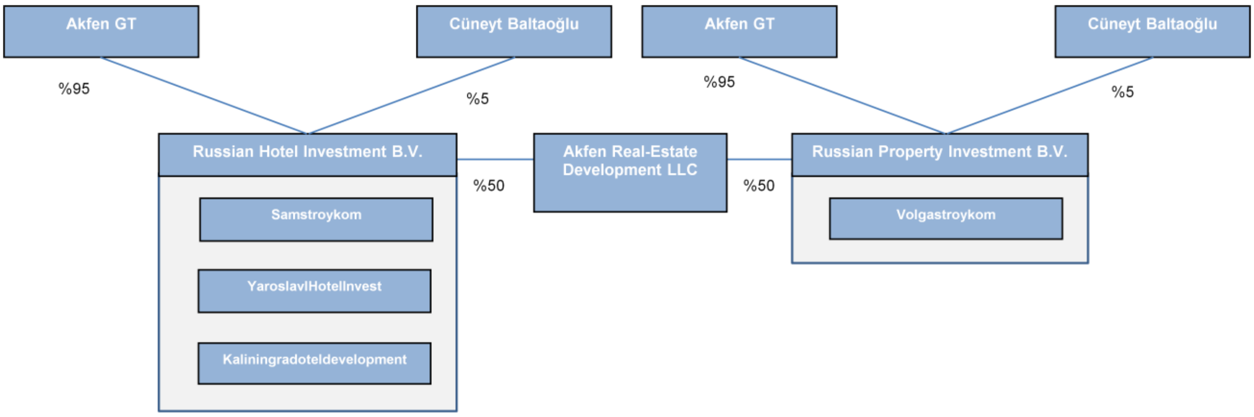
RHI was founded on September 21, 2007 with the partnership of Akfen GT and the Eastern European Property Investment Ltd ("EEPI") to develop hotel projects in Russia. On December 28, 2010, EEPI transferred its 45% of shares to Kasa Investments B.V. and its 5% of shares to Cüneyt Baltaoğlu. Recently, Akfen GT acquired the shares of Kasa Investments BV on July 29, 2011 and increased its ownership to 95% in RHI.

Since the current legislation in Russia requires the foundation of a separate company for each hotel project, the companies founded for hotel projects are gathered under the roof of RHI. The companies founded for hotel projects under the roof of RHI are shown in Table 3.3.

RPI was founded on January 8, 2008 as a joint venture by Akfen Gayrimenkul Geliştirme ve Tic AS and the Eastern European Property Investment Ltd. (EEPI) to develop office projects in Russia. All companies founded on project basis are gathered under the same roof. The shares of Akfen Gayrimenkul Geliştirme ve Tic AS were transferred to Akfen GT on June 5, 2009. Except for the currently active Samara Office project, companies founded under the roof of RPI are all inactive. On December 28, 2010, EEPI transferred 45% of its shares to Kasa Investmnets B.V. and 5% of them to Cüneyt Baltaoğlu. Recently, Kasa Investment B.V transferred 45% shares to Akfen GT and with this transfer, Akfen GT increased its shares to 95% in RPI as of July 29, 2011.

RHI and RPI also founded a joint venture in Russia under the name of Kasa-Akfen Real-Estate Development LLC. The core business of this Moscow-based company is to act as central office for the management of investment projects in Russia. Kasa Investment B.V exited from this joint venture on July 29, 2011.

Table 3.3: Subsidiary Structure as of July 29, 2011



3.1.4. Operations

Based in Ankara, Akfen GT operates mainly in two regions centered on TRNC and Russia.

Russia-based projects are managed by two subsidiaries of Akfen GT, RHI and RPI. TRNC operations are managed by Akfen GT itself, which is registered in the TRNC Overseas Trade Register.

Turkish Republic of Northern Cyprus - TRNC

The hotel and casino operating lease incomes from the Mercure Hotel, owned 100 percent by the company and completed in December 2006 in the city of Girne in the TRNC, represent the TRNC side of Akfen GT's total incomes.

Constructed on the land allocated by the Real Estate and Supply Office of the TRNC Ministry of Finance on August 1, 2003 for 49 years, the 5-star hotel and casino is operated under the name of Mercure Hotel with a capacity of 299 rooms and 648 beds, on a total area of 31,315 square meters.

Akfen GT, being owner of the Mercure Hotel, has been leasing both the hotel and the casino since early 2008.

The hotel is operated by Serenas Turizm Kongre Organizasyon Otelcilik A.Ş. (Serenas Tourism, Convention, Organization & Hotel Management Inc.). Pursuant the contract signed on December 3, 2007, the lease period of the hotel is 5 years, which the parties have undertaken to extend 5 more years upon mutual understanding at the end of the first 5 years. The annual rent collected was 1.2 million euro in 2010, while the contract foresees it to increase to 1.5 million euro in 2011 and to 2 million euro in 2012. For the following years, the annual lease income is expected to increase by annual Euribor.

In addition to the hotel lease incomes, the other part of Akfen GT's incomes from the hotel in TRNC comes from the lease incomes of the casino situated on a closed area of 2,248 m2 within the Mercure Hotel.

The Mercure Hotel's casino is operated by Voyager Kıbrıs Limited (Net Holding AS). Pursuant to the lease signed on March 16, 2007, the lease period is 5 years, which the parties have undertaken to extend 5 more years upon mutual understanding at the end of the first 5 years. The lease signed by the parties stipulates an annual lease income of 3 million euro, with an annual increase by Euribor.

The name of the hotel, "Mercure," is the brand name used by the French Accor Group, one of the world's most important hotel management companies, for its 5-star hotels and has been leased to Akfen GT as a brand operating right. Since the hotel is currently being operated by Serenas, the annual royalty fee is defrayed by Serenas.

Russia

The other part of the Akfen GT's operations included the Russia hotel and office investments. As stated above, the company carries out its operations under the hotel and office projects started in Russia thorugh its two subsidiaries, RHI and RPI.

Information on hotel and office projects started in Russia is summarized in the following table.

Table 3.4 Overview of Russian Projects

Projects Started and Planned	Number of Rooms	Construction Start Date	Launch Date	Land Size (m^2)	Construction Site (m^2)
Samara IBIS	204	07/2009	01/2012	2.467	9.904
Yaroslavl lBIS	177	04/2010	09/2011	4.432	7.916
Kaliningrad IBIS	167	01/2011	01/2013	5.099	6.209
Samara Office	-	07/2009	01/2012	1.048	6.510
Moscow Leningradsky IBIS	480	01/2011	01/2014	3.000	20.030

(Source: Akfen GT)

Yaroslavl Ibis Hotel started its operation on September 8, 2011.

The lands of all the hotel projects, except for the Samara hotel and office projects, are to be leased for 49 years following the construction period of 3 years. The company is entitled to purchase the lands located in the cities of Kaliningrad and Yaroslavl, following the completion of construction works.

3. 2 Financial Analysis

Akfen GT's consolidated summary financial statements for the years 2008-2010 and for the first half of 2011 are given below. The financial statements of Akfen GT Headquarters and Akfen GT TRNC are consolidated in compliance with the international financial reporting standards. However, the investments into RHI and RPI are recorded as costs under the title of Financial Investments.

Table 3.5 Balance Sheet of the Company

BALANCE SHEET OF AKFEN GAYRİMENKUL TİCARETİ VE İNŞAAT AŞ

Balance Sheet €	31.12.2008	31.12.2009	31.12.2010	30.06.2011
Current Assets	2,019,863	60,263	1,520,655	2,595,371
Cash and cash equivalents	1,011,466	3,266	32,538	472,248
Trade Receivables	608,284	37,895	630,291	398,692
Other Receivables	355,842	-	819,197	1,665,857
Other Current Receivables	44,270	19,102	38,629	58,574
Fixed Assets	75,889,607	73,129,575	75,774,008	90,868,971
Other Receivables	13,788	12,202	11,099	12,115
Financial Receivables			9,271,158	
Investments valuated by the equity method	276,380	3,759,453	-	13,575,420
Invest.properties&ongoing invest. Properties	73,887,332	67,616,535	64,981,119	75,667,036
Tangible Fixed Assets	46,763	32,455	6,704	4,772
Other fixed assets	1,665,343	1,708,931	1,503,928	1,609,628
Total Assets	**77,909,470**	**73,189,839**	**77,294,663**	**93,464,342**
Short-term Liabilities	**8,555,014**	**13,492,034**	**5,487,415**	**5,325,140**
Financial Liabilities	7,571,684	6,576,407	4,298,773	5,274,506
Trade Payables	197,350	9,001	46,570	18,430
Other Liabilities	761,995	6,873,977	1,118,571	-
Other Short-term Liabilities	23,985	32,649	23,500	32,204
Long Term Liabilities	**26,316,567**	**21,318,187**	**15,430,633**	**18,575,603**
Financial Liabilities	24,078,187	21,007,717	14,298,202	14,586,334
Deferred Taxes	2,238,380	310,469	1,132,431	3,989,270
Shareholder's Equity	**43,037,889**	**38,379,618**	**56,376,615**	**69,563,600**
Paid in Capital	6,539,611	6,480,581	19,335,374	27,097,419
Distiction from share capital adjustments	148,236	146,898	227,096	243,192
Foreign currecy conversion adjustmants	(1,417,525)	134,005	-	(297,080)
Accumulated profit /(loss)	25,888,133	36,125,680	28,374,271	37,982,358
Net Profit	11,879,434	(4,507,547)	8,439,874	4,537,712
Total Liabilities	**77,909,470**	**73,189,839**	**77,294,663**	**93,464,343**

(Source: Akfen GT)

The company’s balance sheet was converted into euro, based on the Turkish Central Bank’s (TCMB) year-end buying exchange rates, given in the following table:

Table 3.6 TCMB’s Year-End Buying Exchange Rates

	2008	2009	2010	2011-6
EURO/TL (Year-end Buying Exchange Rate)	2,1332	2,1427	2,0551	2,3492

(Source: T.C.M.B)

The company’s income statement was converted into euro, based on the TCMB’s average buying exchange rates, given in the following table:

Table 3.7 TCMB’s Average Buying Exchange Rates

	2008	2009	2010	2011-6
EURO/TL (Average Buying Exchange Rate)	1,8975	2,1506	1,9890	2,1954

(Source: T.C.M..B.)

Akfen GT’s total assets were around 93 million euro as of 2011. 81 percent of the total assets were composed of the investment properties.

Investment properties account was composed of the Mercure Hotel in the TRNC, which is subjected to valuation every year.

In 2010, the company’s financial investments of 11.3 million euro were composed of its two subsidiaries, RHI and RPI.

Considering the company’s liabilities in 2011, around 21 percent was observed to be composed of long-term financial liabilities (bank loans).

Around 67 percent of these long-term loans are in euro and their interest rate is Euribor (3 months) + 3.7 percent. For the company’s loans in Turkish Liras, the interest rate is 10 percent. The Company does not have any short-term loans in the periods analyzed. The long-term loans have been also observed to follow uptrend in parallel with the increase in the investments. The long-term loans in euro end on September 10, 2015, while long-term loans in Turkish Liras end on May 16, 2016

The company’s capital of 35 million Turkish Liras has been increased to 50 million Turkish Liras as of November 2, 2010.

Table 3.7 TCMB's Average Buying Exchange Rates

INCOME STATEMENT OF AKFEN GAYRİMENKUL TİCARETİ VE İNŞAAT AŞ

Income Statement €	**31.12.2008**	**31.12.2009**	**31.12.2010**	**30/06/2011**
Sales Revenue	4,545,105	4,381,512	3,729,107	2,384,635
Cost of Sales	(221,144)	(26,809)	(11,115)	(5,850)
Gross Profit	4,323,961	4,354,704	3,717,993	2,378,785
Overhead expenses	(411,221)	(226,558)	(89,137)	(71,357)
Other Operational Incomes	21,382,061	1,118	7,632,975	6,506,411
Other Operational Expenses	(4,964)	(5,875,446)	(52,298)	(497)
Operational Profit	**25,289,838**	**(1,746,182)**	**11,209,532**	**8,813,342**
Loss share of the investments valuated by the equşty method	(512,642)	(1,001,533)	-	
Financial Gains	4,680,520	3,565,232	2,968,814	280,686
Fiancial Expenses	(12,892,389)	(7,277,599)	(3,894,867)	(3,127,128)
Profit Before Taxes	**16,565,327**	**(6,460,082)**	**10,283,479**	**5,966,900**
Deferred tax income / (expense)	(4,633,165)	1,916,399	(956,797)	(1,429,187)
Net Profit	**11,932,162**	**(4,543,683)**	**9,326,682**	**4,537,713**

In the years analyzed, the company's incomes were mainly composed of hotel and casino lease incomes.

The other operational revenue, which is also an important income item, came from the revaluation of the investment properties observed in the balance sheet. Due to the increase in value of the Mercure Hotel in TRNC, around 21 million euro was recorded as income in 2008. In 2009, the increase in the other operational expenses was caused by the loss share in the subsidiaries consolidated by equity method and by the exchange rate difference.

4. Forecasts and Valuation

4. 1 Valuation Method

There are various methods which can be used in the valuation of a company. They may either consider only the future performance of the company (cash generation, dividend yield, etc.) or appraise the company's current assets (reconstruction or disposal, etc.) according to various approaches or benchmark the company's present and future size and performance with its peers in the markets and valuate it against the price parameters bases on selected marker indicators.

This study which aims to appraise Akfen GT used the Discounted Cash Flow ("DCF") method. This method first calculates the company's estimated future operating volume (sales proceeds), its cash generation from its operations (operational profit + depreciation) and its free cash flows obtained after the tax payments and fixed asset investments. The cash generation estimated by years is discounted by a specific rate to have the current value of cash flows. The discount rate is the Weighted Average Cost of Capital (WACC), which represents the weighted average of equity and debt costs. The value obtained is the Enterprise Value, also known as company value or assets value, which represents the value excluding the financial liabilities. By deducting the net financial liabilities (financial debts – liquid values), if any, and severance and notice pays, if necessary, from the Enterprise Value and by adding the subsidiaries' assets, if any, or other nonoperational assets to it, the targeted Equity Value is obtained.

4. 2 Assumptions

4.2.1. TRNC Assumptions

Incomes

When calculating the value of Akfen GT's Mercure Hotel in TRNC, it was assumed that the casino and hotel would continue to be operated by lease.

The lease incomes of the hotel and casino were considered within the current contract terms and assumed to increase by TSKB Euribor projections.

Expenses

Because of its mode of operation based on lease incomes, overhead expenses covering the personnel and office expenditures were taken into consideration for expense accounts. The overhead expenses were estimated to increase by TSKB Euribor projections.

Investment Assumptions

The leases stipulate that the tenants will defray the basic renewal investments required within the hotel building. Upon the assumption that these investments would be defrayed by the tenants, 0.85 percent of the annual sales were anticipated as the renewal investment, which amounts to a fractional sum of around 45,000 euro in 2012.

Tax Assumptions

Considering the 49-year lease term of the land upon which the Mercure Hotel was constructed, the projections were extended until the end of 2052 and the tax effects to which the Company would be exposed within this period in relation to the incomes earned from the hotel in the TRNC. Accordingly, there is an investment allowance of around 68 million Turkish liras, which the company can deduct from the corporate tax base as of 2010. Additionally, according to the Tax Procedural Law, the company has accumulated loss of around 1.7 million Turkish liras from the past years. Therefore, considering the incomes planned to be earned in the oncoming years, the company was estimated to start paying the corporate tax after year 2019 with 23.5%, which is the tax rate effective in TRNC.

Depreciation

The depreciation of the company's fixed assets were anticipated to be 25 years for building, 10 years for plant, machinery, and equipment, 5-7 years for vehicles, and 30 years on average for special costs.

Discount Rate

The variable weighted average cost of capital (WACC) was first calculated to calculate then the current values of the free cash flows anticipated to have been created by the hotel incomes by years. The details on the calculation of this cost are given in the Appendix-1.

4.2.2 Projections for TRNC

TRNC - Euro	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Rent Revenue	375,000	2,000,000	2,055,000	2,113,568	2,176,975	2,242,284	2,315,158	2,390,401	2,468,089	2,548,302
Casino Revenue	802,460	3,282,061	3,372,318	3,468,429	3,572,482	3,679,656	3,799,245	3,922,721	4,050,209	4,181,841
Overhead Expenses	(29,109)	(87,326)	(89,727)	(92,284)	(95,053)	(97,905)	(101,086)	(104,372)	(107,764)	(111,266)
Consolidated EBITDA (loss) for TRNC & HQ	1,148,351	5,194,736	5,337,591	5,489,712	5,654,404	5,824,036	6,013,317	6,208,750	6,410,534	6,618,876
Taxes	-	-	-	-	-	-	-	-	(639,311)	(1,362,611)
Investments	(10,008)	(44,898)	(46,132)	(47,447)	(48,870)	(50,336)	(51,972)	(53,662)	(55,406)	(57,206)
Cash Flows for TRNC & HQ	1,138,343	5,149,838	5,291,459	5,442,265	5,605,533	5,773,699	5,961,344	6,155,088	6,994,440	7,924,282
Discount Rate (Wacc)	*8.6%*	*8.6%*	*8.6%*	*8.6%*	*8.6%*	*8.6%*	*8.6%*	*8.6%*	*8.6%*	*8.6%*

TRNC - Euro	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Rent Revenue	2,637,492	2,729,804	2,825,347	2,924,235	3,026,583	3,132,513	3,242,151	3,355,626	3,473,073	3,603,314	3,738,438
Casino Revenue	4,328,205	4,479,693	4,636,482	4,798,759	4,966,715	5,140,550	5,320,470	5,506,686	5,699,420	5,913,148	6,134,891
Overhead Expenses	(115,160)	(119,191)	(123,363)	(127,680)	(132,149)	(136,774)	(141,562)	(146,516)	(151,644)	(157,331)	(163,231)
Consolidated EBITDA (loss) for TRNC & HQ	6,850,537	7,090,306	7,338,467	7,595,313	7,861,149	8,136,289	8,421,059	8,715,796	9,020,849	9,359,131	9,710,098
Taxes	(1,417,057)	(1,473,402)	(1,531,737)	(1,592,096)	(1,654,567)	(1,719,225)	(1,786,146)	(1,855,410)	(1,927,097)	(2,006,593)	(2,089,071)
Investments	(59,208)	(61,281)	(63,426)	(65,645)	(67,943)	(70,321)	(72,782)	(75,330)	(77,966)	(80,890)	(83,923)
Cash Flows for TRNC & HQ	8,208,385	8,502,427	8,806,778	9,121,763	9,447,773	9,785,193	10,134,423	10,495,876	10,869,980	11,284,834	11,715,246
Discount Rate (Wacc)	*8.6%*	*8.6%*	*8.6%*	*8.6%*	*8.6%*	*8.6%*	*8.6%*	*8.6%*	*8.6%*	*8.6%*	*8.6%*

TRNC - Euro	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042
Rent Revenue	3,878,629	4,024,078	4,174,981	4,331,543	4,493,975	4,662,500	4,837,343	5,018,744	5,206,947	5,402,207	5,604,790
Casino Revenue	6,364,950	6,603,635	6,851,272	7,108,194	7,374,752	7,651,305	7,938,229	8,235,912	8,544,759	8,865,188	9,197,632
Overhead Expenses	(169,352)	(175,703)	(182,292)	(189,128)	(196,220)	(203,578)	(211,212)	(219,133)	(227,350)	(235,876)	(244,721)
Consolidated EBITDA (loss) for TRNC & HQ	10,074,227	10,452,011	10,843,961	11,250,610	11,672,507	12,110,226	12,564,360	13,035,523	13,524,356	14,031,519	14,557,701
Taxes	(2,174,641)	(2,263,420)	(2,355,528)	(2,451,091)	(2,550,237)	(2,653,101)	(2,759,822)	(3,041,824)	(3,156,700)	(3,275,883)	(3,399,536)
Investments	(87,070)	(90,336)	(93,723)	(97,238)	(100,884)	(104,667)	(108,592)	(112,665)	(116,889)	(121,273)	(125,821)
Cash Flows for TRNC & HQ	12,161,797	12,625,095	13,105,766	13,604,462	14,121,860	14,658,660	15,215,590	15,964,683	16,564,166	17,186,129	17,831,416
Discount Rate (Wacc)	*8.6%*	*8.6%*	*8.6%*	*8.6%*	*8.6%*	*8.6%*	*8.6%*	*8.6%*	*8.6%*	*8.6%*	*8.6%*

TRNC - Euro	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052
Rent Revenue	5,814,969	6,033,031	6,259,269	6,493,992	6,737,517	6,990,174	7,252,305	7,524,267	7,806,427	8,099,168
Casino Revenue	9,542,543	9,900,389	10,271,653	10,656,840	11,056,472	11,471,090	11,901,255	12,347,552	12,810,586	13,290,983
Overhead Expenses	(253,898)	(263,419)	(273,298)	(283,546)	(294,179)	(305,211)	(316,656)	(328,531)	(340,851)	(353,633)
Consolidated EBITDA (loss) for TRNC & HQ	15,103,615	15,670,000	16,257,625	16,867,286	17,499,809	18,156,052	18,836,904	19,543,288	20,276,161	21,036,517
Taxes	(3,527,826)	(3,660,926)	(3,799,018)	(3,942,289)	(4,090,932)	(4,245,149)	(4,405,149)	(4,571,149)	(4,743,374)	(4,922,058)
Investments	(130,539)	(135,434)	(140,513)	(145,782)	(151,249)	(156,921)	(162,805)	(168,910)	(175,245)	(181,816)
Cash Flows for TRNC & HQ	18,500,902	19,195,492	19,916,131	20,663,793	21,439,492	22,244,280	23,079,248	23,945,527	24,844,291	25,776,759
Discount Rate (Wacc)	*8.6%*	*8.6%*	*8.6%*	*8.6%*	*8.6%*	*8.6%*	*8.6%*	*8.6%*	*8.6%*	*8.6%*

4.2.3 Russia Assumptions

Incomes

For the hotel projects in Russia to be operated by Accor, the targeted incomes from each hotel were anticipated based on assumptions of occupancy rate, number of rooms, and daily average room rate, as well as that the hotel would operate 365 days a year, in line with the Akfen GT's business plans.

As can be seen in the following table listing the expected occupancy rates, it was assumed that the occupancy rates would increase significantly within three years following the opening of the hotel and that when the targeted occupancy rate would have been reached, it would be stabilized.

Table 4.1 Occupancy Rates

Occupancy Rate	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
Samara IBIS	-	60%	62%	66%	68%	70%	70%	70%	70%	70%
Yaroslavl lBIS	40%	65%	68%	70%	74%	74%	74%	74%	74%	74%
Kaliningrad IBIS	-	-	55%	62%	68%	71%	73%	73%	73%	73%
Moscow Leningradsky IBIS	-	-	-	55%	70%	75%	78%	78%	78%	78%

(Source: Akfen GT)

Average room rates per night and expected yearly increases in these rates are summarized in the following table.

Table 4.2 Average Daily Rates

Daily Rates €	**Room Number**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
Samara IBIS	**204**	-	75	82	90	97	104	110	115	121	126
Yaroslavl IBIS	**177**	70	77	84	91	97	103	108	113	118	123
Kaliningrad IBIS	**167**	-		76	84	91	98	105	112	117	123
Moscow Leningradsky IBIS	**480**	-	-	-	110	116	121	126	130	134	138

(Source: Akfen GT)

In addition to the incomes from room rates, the hotel extras have been also included into the income projections and the total room incomes have been anticipated to be around 17 – 25%.

As there are rentable store areas in Yaroslavl project, it was anticipated a rent income annually. The rent for the net area of 400 m2 was expected to be €97.3 per m2 to increase annually by 5%.

In relation to the incomes from the Samara office project, carried out by Akfen GT's subsidiary, RPI, it was anticipated that the initial occupancy rate of 80% for the net rentable area of 5,000 m2 would annually increase to reach 90 % by 2020, thus causing the initial rental of €250 per m2 to increase annually by 4% and reach €335 per m2 in 2020.

Profitability Assumptions

In line with the business plan of the company, it was assumed that profit margins would increase based on the increasing occupancy rates as of the launch date of the investments planned and would be stabilized after the first 3-4 years.

Table 4.3 Average Gross Profit Margin

Gross Profit Margin %	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Samara IBIS	-	50%	55%	58%	59%	59%	59%	59%	59%	59%
Yaroslavl lBIS	40%	51%	55%	59%	59%	59%	59%	59%	59%	59%
Kaliningrad IBIS	-	-	45%	52%	56%	59%	59%	59%	59%	59%
Moscow Leningradsky IBIS	-	-	-	50%	55%	60%	62%	62%	62%	62%

4% reserve will be accumulated for furniture and equipment over the expected yearly incomes. Additionally, a 4% share will be paid to Accor over the incomes from the hotel. Pursuant to the contract, Akfen GT would have a 75% share over the adjusted gross operational profit remaining after these amounts would have been deducted. Moscow Leningradsky Ibis Hotel would get 85% share from gross operational profit remaining after these amounts would have been deducted, but it has to be over 25% of total hotel income.

In the first three year, reserve ratio would be 1%,2% and %3 respectively for Moscow Leningradsky IBIS Hotel. Accor share would be 2% for the first two years and would continue with 4% as reserve ratio in the following years.

Expense Assumptions

On project basis, the expenses are composed of maintenance and repair expenses, insurance expenses, real estate, and land rentals. The yearly maintenance and repair expenses were anticipated to be 0.5% of the construction investment, while the insurance expenses were assumed to be 0.6% of the total investment covering land, construction and consultancy services. The real estate tax was accepted to be 1.1% in Kaliningrad and 2.2% in all other cities. For the Samara Office and Samara IBIS projects located in Samara, the land tax was calculated to be 1.5% of the legal land price.

Except for the overhead costs of the hotel projects calculated in line with the conditions in the cities, the overall overhead costs anticipated by Akfen GT for all hotel projects in Russia were included into the investments.

Depreciation Assumptions

Fixed assets depreciation period for the furniture and equipment is 5 years; while the average period anticipated for all other fixed asset investments are 30 years.

Other Assumptions

The variable weighted average cost of capital (WACC) was used to calculate the current values of the free cash flows anticipated to be created yearly by the projects. The details on the calculation of this cost are given in the Appendix-1.

Within this valuation, a 3 percent growth rate was anticipated for the cash flows of all the Russia-based hotel projects until they would reach their final value. In projects of Yaroslavl and Kaliningrad where land leasing method was used, the final cash flows were considered by using the land purchase option.

In line with the ongoing negotiations with the company owning the project company which is the rights-holder of the land on which the Moscow hotel project has been planned to be constructed, it was anticipated that the contract for sale and purchase of the land was signed with the project company. It was also anticipated that the company would participate into the project company of the Moscow hotel with a new 100 percent subsidiary to be founded abroad.

4.2.4 Investment Projections

The Company has already started the investments for hotel and office projects other than the Moscow project. For all Russia-based projects except for the Samara hotel and Samara office, a 49-year lease following the 3-year construction period was preferred rather than the land purchase method. The company was anticipated to exercise its right to purchase the lands in the cities of Kaliningrad and Yaroslavl following the completion of construction works.

Investment expenses (VAT excluded) anticipated to be incurred in proportion to the Akfen GT's shares are given in the following table.

Table 4.4 Investment Projections

Investment Expenses (€)	2011	2012	2013	Total
Moscow Leningradsky IBIS	6.110.700	16.295.200	18.332.100	**40.738.000**
Kaliningrad IBIS	5.021.693	5.709.282	-	**10.730.975**
Yaroslavl lBIS	4.418.168	-	-	**4.418.168**
Samara IBIS	3.618.821	-	-	**3.618.821**
Samara Office	959.562	-	-	**959.562**
Total	**20.817.534**	**22.004.482**	**18.332.100**	**61.153.116**

4.2.5 Projections for Russia

Net Sales - Euro	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Samara IBIS	-	4,173,241	4,798,489	5,194,070	5,774,584	6,178,805	6,549,533	6,877,010	7,220,861	7,509,695	-	-	-	-	-	-	-	-	-	-	-	-
Yaroslav IBIS	606,568	4,038,181	4,446,161	4,877,589	5,506,827	5,835,888	6,127,683	6,434,067	6,692,991	6,962,350	-	-	-	-	-	-	-	-	-	-	-	-
Kaliningrad IBIS	-	-	3,217,694	3,831,638	4,428,974	4,934,123	5,428,231	5,753,925	6,041,621	6,343,702	-	-	-	-	-	-	-	-	-	-	-	-
Moscow Leningradsky IBIS	-	-	-	12,867,914	17,196,213	19,345,739	20,924,352	21,552,082	22,198,645	22,864,604	23,550,542	24,257,059	24,984,770	25,734,313	26,506,343	27,376,332	28,274,665	29,202,258	30,160,061	31,149,049	32,170,233	33,224,653
Samara Office	-	1,116,402	1,231,957	1,354,970	1,409,169	1,465,536	1,524,157	1,585,123	1,648,528	1,714,469	-	-	-	-	-	-	-	-	-	-	-	-
Total Net Sales	606,568	9,327,824	13,694,301	28,126,182	34,315,768	37,760,092	40,553,956	42,202,207	43,802,645	45,394,820	23,550,542	24,257,059	24,984,770	25,734,313	26,506,343	27,376,332	28,274,665	29,202,258	30,160,061	31,149,049	32,170,233	33,224,653

Cost of Sales - Euro	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Samara IBIS	-	2,086,621	2,159,320	2,181,510	2,367,580	2,533,310	2,685,309	2,819,574	2,960,553	3,078,975	-	-	-	-	-	-	-	-	-	-	-	-
Yaroslav IBIS	363,941	1,978,709	2,000,772	1,999,812	2,257,799	2,392,714	2,512,350	2,637,967	2,744,126	2,854,564	-	-	-	-	-	-	-	-	-	-	-	-
Kaliningrad IBIS	-	-	1,769,732	1,839,186	1,948,749	2,022,991	2,225,575	2,359,109	2,477,065	2,600,918	-	-	-	-	-	-	-	-	-	-	-	-
Moscow Leningradsky IBIS	-	-	-	6,433,957	7,738,296	7,738,296	7,951,254	8,189,791	8,435,485	8,688,550	8,949,206	9,217,682	9,494,213	9,779,039	10,072,410	10,403,006	10,744,373	11,096,858	11,460,823	11,836,639	12,224,688	12,625,368
Total Cost of Sales	363,941	4,065,329	5,929,824	12,454,465	14,312,423	14,687,311	15,374,487	16,006,442	16,617,229	17,223,006	8,949,206	9,217,682	9,494,213	9,779,039	10,072,410	10,403,006	10,744,373	11,096,858	11,460,823	11,836,639	12,224,688	12,625,368

Gross Profit	242,627	5,262,495	7,764,477	15,671,718	20,003,344	23,072,781	25,179,469	26,195,765	27,185,417	28,171,815	14,601,336	15,039,376	15,490,558	15,955,274	16,433,933	16,973,326	17,530,292	18,105,400	18,699,238	19,312,411	19,945,544	20,599,285

Gross Profit After the Accor Share	221,576	3,813,086	5,467,396	11,661,576	14,865,676	16,760,711	18,155,615	18,876,832	19,577,614	20,283,633	10,809,699	11,133,990	11,468,010	11,812,050	12,166,411	12,565,736	12,978,071	13,403,837	13,843,468	14,297,414	14,766,137	15,250,116
Expenses related to the Hotel&Office	(166,765)	(679,926)	(886,486)	(2,134,000)	(2,148,842)	(2,479,190)	(2,479,843)	(2,764,214)	(2,801,899)	(2,797,270)	(1,118,355)	(1,107,814)	(1,097,655)	(1,087,890)	(1,078,529)	(1,094,781)	(1,111,458)	(1,128,572)	(1,146,134)	(1,164,155)	(1,182,648)	(1,201,626)

EBITDA- Euro	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Samara IBIS	(12,629)	1,150,171	1,523,209	1,775,565	2,032,514	2,182,975	2,320,522	2,207,216	2,344,448	2,460,525												
Yaroslav IBIS	81,201	1,241,457	1,506,984	1,806,074	2,047,564	1,961,107	2,086,417	2,212,939	2,316,117	2,428,535	-	-	-	-	-	-	-	-	-	-	-	-
Kaliningrad IBIS	(10,338)	(31,946)	692,773	1,059,386	1,384,335	1,672,040	1,855,740	1,931,191	1,995,614	2,109,098	-	-	-	-	-	-	-	-	-	-	-	-
Moscow Leningradsky IBIS	-	-	-	3,938,649	6,265,438	7,538,779	8,440,116	8,740,223	9,048,629	9,365,583	9,691,344	10,026,176	10,370,354	10,724,160	11,087,883	11,470,955	11,866,613	12,275,264	12,697,334	13,133,258	13,583,489	14,048,490
Samara Office	(25,879)	745,702	829,333	918,434	956,631	895,357	940,776	987,882	1,036,745	1,087,435												
Total EBITDA	32,355	3,105,384	4,552,300	9,498,108	12,686,482	14,250,258	15,643,571	16,079,451	16,741,553	17,451,176	9,691,344	10,026,176	10,370,354	10,724,160	11,087,883	11,470,955	11,866,613	12,275,264	12,697,334	13,133,258	13,583,489	14,048,490
Taxes	57,689	(232,281)	(589,681)	(725,033)	(2,250,908)	(2,310,677)	(2,630,417)	(2,717,593)	(2,850,013)	(2,991,938)	(1,709,182)	(1,776,149)	(1,844,984)	(1,915,745)	(1,988,490)	(2,065,104)	(2,144,236)	(2,225,966)	(2,310,380)	(2,397,565)	(2,487,611)	(2,580,611)
Investment Expenses	(11,583,471)	(21,308,669)	(18,332,100)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VAT	(1,431,512)	(2,539,346)	(1,771,718)	2,045,948	2,621,358	2,922,672	2,921,813	1,430,135	379,796	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash Flow	(12,924,941)	(20,974,912)	(16,141,199)	10,819,023	13,056,933	14,862,253	15,934,967	14,791,993	14,271,335	14,459,238	7,982,162	8,250,028	8,525,370	8,808,415	9,099,393	9,405,851	9,722,377	10,049,298	10,386,954	10,735,693	11,095,877	11,467,879
Discount Rate)Wacc)	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%

4.2.5 Projections for Russia(continued)

Net Sales - Euro	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047
Samara IBIS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Yaroslav IBIS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Kaliningrad IBIS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Moscow Leningradsky IBIS	34,313,386	35,437,540	36,598,262	37,796,733	39,034,174	40,311,844	41,631,044	42,993,115	44,399,443	45,851,456	47,350,630	48,898,489	50,496,604	52,146,597	53,850,142
Samara Office	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Net Sales	34,313,386	35,437,540	36,598,262	37,796,733	39,034,174	40,311,844	41,631,044	42,993,115	44,399,443	45,851,456	47,350,630	48,898,489	50,496,604	52,146,597	53,850,142
Cost of Sales - Euro	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047
Samara IBIS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Yaroslav IBIS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Kaliningrad IBIS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Moscow Leningradsky IBIS	13,039,087	13,466,265	13,907,340	14,362,759	14,832,986	15,318,501	15,819,797	16,337,384	16,871,788	17,423,553	17,993,240	18,581,426	19,188,709	19,815,707	20,463,054
Total Cost of Sales	13,039,087	13,466,265	13,907,340	14,362,759	14,832,986	15,318,501	15,819,797	16,337,384	16,871,788	17,423,553	17,993,240	18,581,426	19,188,709	19,815,707	20,463,054
Gross Profit	21,274,299	21,971,275	22,690,922	23,433,975	24,201,188	24,993,343	25,811,247	26,655,731	27,527,654	28,427,903	29,357,391	30,317,063	31,307,894	32,330,890	33,387,088
Gross Profit After the Accor Share	15,749,844	16,265,831	16,798,602	17,348,700	17,916,686	18,503,137	19,108,649	19,733,840	20,379,344	21,045,818	21,733,939	22,444,407	23,177,941	23,935,288	24,717,215
Expenses related to the Hotel&Office	(1,221,100)	(1,241,084)	(1,261,592)	(1,282,637)	(1,304,234)	(1,326,397)	(1,349,140)	(1,372,480)	(1,396,432)	(1,421,013)	(1,446,238)	(1,472,124)	(1,498,690)	(1,525,954)	(1,553,933)
EBITDA- Euro	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047
Samara IBIS															
Yaroslav IBIS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Kaliningrad IBIS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Moscow Leningradsky IBIS	14,528,744	15,024,747	15,537,010	16,066,063	16,612,452	17,176,740	17,759,509	18,361,359	18,982,912	19,624,806	20,287,702	20,972,282	21,679,251	22,409,334	23,163,283
Samara Office															
Total EBITDA	14,528,744	15,024,747	15,537,010	16,066,063	16,612,452	17,176,740	17,759,509	18,361,359	18,982,912	19,624,806	20,287,702	20,972,282	21,679,251	22,409,334	23,163,283
Taxes	(2,676,662)	(2,775,863)	(2,878,315)	(2,984,126)	(3,093,404)	(3,206,261)	(3,322,815)	(3,443,185)	(3,567,496)	(3,695,874)	(3,828,454)	(3,965,370)	(4,106,763)	(4,252,780)	(4,403,570)
Investment Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VAT	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash Flow	11,852,082	12,248,884	12,658,695	13,081,937	13,519,048	13,970,478	14,436,694	14,918,174	15,415,416	15,928,931	16,459,248	17,006,912	17,572,487	18,156,554	18,759,713
Discount Rate)Wacc)	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%

Net Sales - Euro	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062
Samara IBIS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Yaroslav IBIS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Kaliningrad IBIS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Moscow Leningradsky IBIS	55,608,969	57,424,860	59,299,656	61,235,257	63,233,625	65,296,784	67,426,821	69,625,894	71,896,227	74,240,116	76,659,933	79,158,122	81,737,209	84,399,798	87,148,580
Samara Office	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Net Sales	55,608,969	57,424,860	59,299,656	61,235,257	63,233,625	65,296,784	67,426,821	69,625,894	71,896,227	74,240,116	76,659,933	79,158,122	81,737,209	84,399,798	87,148,580
Cost of Sales - Euro	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062
Samara IBIS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Yaroslav IBIS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Kaliningrad IBIS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Moscow Leningradsky IBIS	21,131,408	21,821,447	22,533,869	23,269,398	24,028,778	24,812,778	25,622,192	26,457,840	27,320,566	28,211,244	29,130,774	30,080,086	31,060,139	32,071,923	33,116,460
Total Cost of Sales	21,131,408	21,821,447	22,533,869	23,269,398	24,028,778	24,812,778	25,622,192	26,457,840	27,320,566	28,211,244	29,130,774	30,080,086	31,060,139	32,071,923	33,116,460
Gross Profit	34,477,561	35,603,413	36,765,787	37,965,860	39,204,848	40,484,006	41,804,629	43,168,054	44,575,661	46,028,872	47,529,158	49,078,036	50,677,069	52,327,875	54,032,119
Gross Profit After the Accor Share	25,524,517	26,358,011	27,218,542	28,106,983	29,024,234	29,971,224	30,948,911	31,958,285	33,000,368	34,076,213	35,186,909	36,333,578	37,517,379	38,739,507	40,001,198
Expenses related to the Hotel&Office	(1,582,646)	(1,612,114)	(1,642,355)	(1,673,391)	(1,705,242)	(1,737,930)	(1,771,478)	(1,805,907)	(1,841,241)	(1,877,505)	(1,914,722)	(1,952,918)	(1,992,119)	(2,032,352)	(2,073,644)
EBITDA- Euro	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062
Samara IBIS															
Yaroslav IBIS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Kaliningrad IBIS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Moscow Leningradsky IBIS	23,941,870	24,745,897	25,576,187	26,433,592	27,318,992	28,233,293	29,177,433	30,152,378	31,159,127	32,198,709	33,272,187	34,380,660	35,525,259	36,707,155	37,927,554
Samara Office															
Total EBITDA	23,941,870	24,745,897	25,576,187	26,433,592	27,318,992	28,233,293	29,177,433	30,152,378	31,159,127	32,198,709	33,272,187	34,380,660	35,525,259	36,707,155	37,927,554
Taxes	(4,559,287)	(4,720,093)	(4,886,151)	(5,057,632)	(5,234,712)	(5,417,572)	(5,606,400)	(5,801,389)	(6,002,739)	(6,210,655)	(6,425,351)	(6,647,045)	(6,875,965)	(7,112,344)	(7,356,424)
Investment Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VAT	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash Flow	19,382,583	20,025,804	20,690,036	21,375,960	22,084,280	22,815,721	23,571,033	24,350,989	25,156,388	25,988,054	26,846,836	27,733,615	28,649,294	29,594,811	30,571,130
Discount Rate)Wacc)	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%

4.3 Valuation by Discounted Cash Flows

The Discounted Cash Flows ("DSF") method was used for the calculation of the Akfen GT's value. This method is based on obtaining the current value of the company's future free cash flows by suing the weighted average cost of capital. According to this method, the current value of the cash flows yields "Enterprise Value" of the company and then, the net financial liabilities are deducted to reach the equity value.

Akfen GT's equity value calculated with the DSF method is summarized in the following table:

Table 4.5: Summary Table of the Company and Equity Values as of September 30, 2011

Euro (000)		Value	Financial Liabilities (-)	Liquid Assets(+)	Equity Value
Akfen GT HQ	KKTC & HQ Value	72,414	18,014	0	54,401
	Land in Bafra	2,744	-	-	2,744
RHI(95%)	Samara IBIS	27,923	24,495	0	41,543
	Yaroslav IBIS	27,096			
	Kaliningrad IBIS	11,018			
RPI (95%)	Samara Office	12,523	6,650	0	5,873
Moskow Project	Moscow Leningradsky IBIS	47,014	-	-	47,014
Akfen GT Company Value		**200,733**	**Akfen GT Equity Value**		**151,574**

As a result of discounting yearly the company's cash flows by the weighted average cost of capital, the company value was calculated to be **200,773 million euro** as of September 30, 2011.

After the financial liabilities were deducted from and liquid assets were added to the company value calculated as of September 30, 2011, the equity value was calculated to be **151,574 million euro (381,315 million Turkish Liras[4]).**

5. Appendices

Appendix-1

CALCULATION OF DISCOUNT RATE

The weighted average cost of capital (WACC) method was used to calculate the discount coefficient used in the Discounted cash flow method. The mathematical representation of this method is as follows:

WACC = (Debt / (Debt + Equity) x Cost of debt x (1-t) + (Equity / (Debt + Equity) x Cost of equity

Instead of the fixed WACC, the variable WACC method was used for both the TRNC and Russia and the yearly variations to which the WACC factors would be exposed were thus taken into account.

TRNC

The company's debt-equity balance was anticipated to be from 22,5 percent debt – 77,5 percent equity in the oncoming years, based on the financial projections, the current loan payment plans, and the future financing necessity of the company.

The company's cost of debt was anticipated to be Turkey risk-free rate + 1 %, based on the current market conditions and the company's indebtedness .The cost of debt was expected to increase and then stabilize in the oncoming years.

The corporate tax, represented by t in the formula, was 23.5 percent.

In the calculation of the cost of equity, the Capital Asset Pricing Model (CAPM) was used.

The mathematical representation being $\mathbf{Ke = R_f + ß * (R_m - R_f)}$, the CAPM had as R_f 5.75% return on Eurobond issued in euro by the Turkish Treasury with a ten-year term.

The $\mathbf{(R_m - R_f)}$ component of the CAPM, representing the market risk premium, was accepted to be 5%.

The levered beta of Akfen GT was calculated to be 0.71, by unlevering the beta of REIT's in the marker and relevering it in accordance with the company's indebtedness structure and was anticipated to vary by the changing indebtedness rate in the oncoming years.

For TRNC, the country risk premium was accepted to be 0.50%.

Russia

In the calculation of cost of equity, the classical Capital Asset Pricing Model (CAPM) was used, as in TRNC.

Company's debt-equity balance was calculated to be 50% debt – 50% equity in the oncoming years, based on the financial projections, the current loan payment plans, and future financing necessity of the company.

The company's cost of debt was anticipated to be Russia risk-free rate + 2%, based on the current market conditions and the company's indebtedness structure. The cost of debt was stabilized in the oncoming years .

The corporate tax, represented by t in the formula, was 20%.

The mathematical representation being $\mathbf{K_e = R_f + ß * (R_m - R_f)}$, the CAPM had as Rf 5.9% by comparing Turkey USD and EUR Eurobonds with Russia USD Eurobonds because Russia do not have 10 year term Eur Eurobonds.

The (R-m - Rf) component of the CAPM, representing the market risk premium, was accepted to be 5%.

For Russia, the levered beta was calculated as 1.00.

For Russia, the country risk premium was accepted to be 0.50%.